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23 Oct 67

Minutes of the Meeting with President Schrubbers
on 19 October 1967

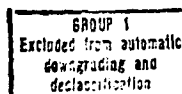
1. President Schrubbers and Mr. Cline were driven by () to the underground entrance of the Headquarters building where they were met by a security officer and brought up to the seventh floor Director's office. Promptly at 1030 the following assembled in the Director's office: President Schrubbers, Mr. Cline, Mr. Karamessines, Mr. Angleton, Mr. Murphy, (), (), and ().

2. Director's opening remarks. Pointing out that this was an unusually important case, the Director stated that though it is generally known that the United States is a prime target of Soviet intelligence operations, it is not often appreciated that the Federal Republic of Germany also receives priority attention from the Soviets. He cited an article in the New York Sunday Times of 15 October. This article, he said, recalled to public attention the extent and depth of Soviet operations in Germany (a copy of this article is attached). The () case came to public attention shortly thereafter. The Director suggested that President Schrubbers could use this case as dramatic proof that Soviet espionage has been extremely active in Germany all during the period of the so-called detente. The Director stated he was not surprised to note that the () case had lines running from Germany into France, Belgium, Austria, and Switzerland. This was evidence, he said, that Soviet espionage is no respecter of national boundaries and it confirmed his belief that the Western European countries should work closely together in matters of mutual security.

3. Digressing, the Director pointed out that the American police system emphasizes local police autonomy. Each town and county has its own police chief, each independent and theoretically equal to the other. This, he said, was no way to catch criminals; in many ways our American police system is similar to European security organs.

4. Because CIA is anxious to assist the European services in collaborating more closely with one another

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and with CIA, the CIA acted quickly in informing the BfV about West German government penetrations and about the general activities of Soviet espionage known to [redacted]. This was done in order to enable the German authorities to act quickly.

5. Comments on the French. The Director urged President Schroebers to attempt to convince the French that they should pay close attention to the problems of their own internal security and to convince them of the need for greater collaboration with other European services precisely because so many activities are directed against France from other European countries. Apropos this topic the Director showed President Schroebers a letter on this matter called to his attention by Mr. Angleton (copy attached).

6. Brief discussion of [redacted] case. Mr. Murphy displayed a large chart showing graphically the many ramifications of the [redacted] case (attachment 3).

7. President Schroebers' remarks. Speaking in German, President Schroebers noted that the case in question had many implications, not the least of which was the likelihood that more money would undoubtedly be forthcoming from the Bundestag for BfV counterespionage activities. He stated, in a wry aside, that his own personal reaction to the case was: "Excellent. At least we have something positive to prove that the Soviets have penetrated the West German Foreign Office." He said that security in the government and especially in the Foreign Office was lax and that it might be possible in the future to improve it. Certainly he felt that the public image of the BfV would be enhanced.

8. BfV problems with Foreign Office. As an example of Foreign Office indifference, President Schroebers pointed out that 40 per cent of the Soviets in the Bonn-Cologne area are known to have KGB affiliations. Although the Soviets are obliged to seek Foreign Office concurrence for out-of-town trips, the Foreign Office has been unusually lax in regulating these trips and in notifying the BfV about them. Frequently, permission to travel was being granted to Soviets on as little as one-hour's notice. Just as frequently, permission was granted to travel to Munich, for example; but the Soviet in question would then go to Frankfurt, making it difficult, even impossible, for the BfV to control their movements.

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9. In addition, President Schruebbers said, it was virtually impossible to convince the Foreign Office to PNG a Soviet official no matter how clear the evidence of espionage was. There was always some good reason for quietly disposing of unpleasant realities. He cited the famous "Germany Memorandum" which he said has been lying in a Moscow waste basket for the past five years. He felt that the [] case might well lead to a stiffer Foreign Office attitude on PNG's in the future.

10. President Schruebbers also cited the general atmosphere of relaxation or detente in West Germany. The Germans were dealing with various Eastern European countries, particularly Rumania, in new bilateral arrangements. The trade unions were cited as "amateur politicians" engaging in exchange visits with their opposite numbers in the Soviet Union and other Eastern European countries. Trade union representatives met with the Chancellor of Germany very recently to urge increasing East-West contacts. Thanks to CIA, the BfV will now be in a position to point out dramatically that there is real political danger in West Germany going too far in its relations with the Soviets and their Satellites. Those who favor such a policy look upon the BfV as "the last of the cold warriors." The revelations of the [] case will go a long way toward giving the BfV a strong arguing point.

11. BfV collaboration with States Attorney Office in Karlsruhe. The BfV President said, in a spirit of self-criticism, that his organization was complimented for having rounded up the Soviet agents in a matter of five hours. The round-up should have taken place in two hours, he said; but three hours were wasted in arranging coordination with the States Attorney's Office, Karlsruhe. The BfV hoped to take photographs of Leonore Suetterlin at noon when she left her office, but this proved impossible to do. In an aside he stated that Mrs. Suetterlin broke down when she realized that her husband had married her only because he had been ordered to do so by the KGB. Suetterlin, he said, was a woman of a good middle-class background whose education was interrupted by the difficult War years and who responded to the glamor of working in Bonn as a secretary in the Foreign Office. She was just about resigned to a spinster's existence when she met Suetterlin. The latter exploited her in many ways, and a large number of pornographic photographs were found which showed that she collaborated with

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Suetterlin in every possible way (he implied that these photos could have been used as blackmail material but the implication could also be drawn that the woman willingly did as she was told by her lover, even to the extent of collaborating in his more sordid tastes).

12. Schruebbers stated that he was not completely up to date on developments in Germany because he had been able to obtain only the testimony taken from the suspects up to and including 11 October. Testimony taken between 11 October and the date of his departure was not made available to him. In his closing remarks President Schruebbers stated he intended to remain in close contact with CIA to exploit this case to the fullest. President Schruebbers then asked a general question whether [] had been used by the KGB only for the exploitation of Suetterlin. He also asked why Pieschel became inactive in 1961. Mr. Murphy explained that [] had been recalled briefly because of a possible threat to his security. Lehmann, the Berlin police official who had issued the backstopping documents, was arrested for a brief period in 1960. After it was ascertained by the KGB that Lehmann did not disclose any information on his support of [] the latter returned to West Germany. This time, however, he handled only the Suetterlin case. The Pieschel case was presumably turned over to someone else.

13. The meeting then moved into the Director's conference room, and the DCI and DDP excused themselves.

14. Continuation of Schruebbers meeting. Mr. Murphy questioned President Schruebbers about the possible future timing of the prosecution of the arrested KGB agents, about the several French aspects involved, and about the likely reaction of German public opinion and official opinion. President Schruebbers pointed out that all the German newspapers were featuring the story. Naturally, he said, the sensational angles were receiving considerable play. Many of the newspapers cited the poor security practices in the West German Foreign Office and questioned why one person could have access to so much important information, i.e., ambassadors' reports, NATO documents, personnel information, BND reports, etc. The overall results in terms of both official as well as public opinion would redound to the credit of the BfV in that the agents were caught and did confess, and undoubtedly security practices would be reviewed and improved.

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15. President Schroebers said it would take several months before the suspects would be brought to trial because S.G. would have to make a thorough investigation of the many clues in the case. He said that material was found in Suetterlin's apartment indicating that the Suetterlin's used a code cipher in their communications which was typical of an OWVL-directed operation. They also found about 25 rolls of undeveloped Minox film. This film, said Schroebers, was turned over to the BND for development (this was taking so long, he said he was sorry he had not given it to CIA for development in Frankfurt). When these films were developed, they would give, he hoped, good indications of the type of material being passed by the Suetterlin's.

16. Schroebers stated that this was probably the worst or most serious case of espionage in postwar German history. He pointed out that the suspects would be tried on either of the following counts: 1) passing "state secrets" to a potential enemy, an extremely serious charge or 2) contact with an enemy intelligence organization (paragraph 100a of German law), a lesser charge.

17. Mr. Murphy pointed out that [] was carefully briefed as early as 1955 on all aspects of the West German Foreign Office indicating that even as of that early date the KGB was well informed about this particular target. He asked President Schroebers whether he thought it possible that Leonore Suetterlin had a helper or agent in the Foreign Office.

18. President Schroebers ventured no opinion, but the sense of his remarks was that she did not have a sub-agent in the Office. He explained that she occupied a key secretarial position in what could be likened to the nerve center of the Foreign Ministry. Documents of general interest were passed around all too freely for the background information of her chief and others in the office. She also had access to security information on the weaknesses and problems of Foreign Office personnel. She was in the habit of dictating to her husband daily events of significance which took place in her office. Schroebers did not think it was likely that Leonore Suetterlin was recruited on the basis of ideological attraction to Communism. He did not believe she took her life to avoid implicating sub-agents. He depicted her instead as a good woman gone wrong because

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of her misdirected love for her husband. The MfS originally recruited her husband for money. She was gradually brought around to witting collaboration by a skillful repetition of the line that West Germany represented a serious potential threat to future world peace because its borders were still subject to possible future revision; and, therefore, it is essential for the Soviet Union to have detailed information on West German foreign policy to head off any developing threat to its security and to world peace.

19. Questioned as to why so many documents were found in Leonore Suetterlin's safe, Schruebbers answered that the BfV sends studies to various offices in the Foreign Ministries and to embassies abroad, and annual BfV summaries on left and right wing activities are also forwarded through the Foreign Ministries. Such documents are of general interest and receive fairly wide distribution.

20. [] raised the question of how best to handle the interests of other services allied with NATO. Should we, he asked, wait until the trial ended? President Schruebbers answered that it would not be necessary to wait until the end of the trial. He said his office would make a report to other NATO members and submit it to the NATO security office.

21. (The conferees then discussed Knipp--a NATO courier, a wounded war veteran, who carried locked briefcases containing NATO documents from office to office in the interior Ministries. Knipp alertly watched the secretary, observed her habits, and was able to make an impression of her key. This enabled him to open his briefcases and photograph the documents). [] mentioned that the French initial reaction to the [] revelations was one of skepticism. Schruebbers pointed out that when the case broke he was unable to contact the French SDECE liaison officer in Bonn. The latter was on vacation. Only a sergeant was in the office. Therefore, he has not spoken officially to the French about this case. He mentioned also in an aside that Pieschel could not be arrested immediately because he was on diplomatic territory--the French Embassy.

22. Mr. Murphy asked what President Schruebbers could do in spurring the DST into action. Schruebbers stated he did not believe the DST would be called upon for action. He felt that the SDECE would take primary action because the Pieschel case involved the military

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section of the French Embassy. [] pointed out that Pieschel was clearly targeted against other persons in the French Embassy and cited the case of Pieschel's ~~supporting the Ministries~~ of the French DCM. Also, he mentioned the microphones which [] claims were placed by Pieschel in the French Embassy.

23. Schruebbers pointed out that he would have to return first to Germany before he could begin discussions with the French on the Pieschel angle. He said he had good contacts in both French services and would do his best in convincing them of the need for close collaboration on this and other security matters.

24. [] cited a CDU press article which claimed "German authorities denied access to Germans." Schruebbers promised to make a statement to the press upon his return about the fact that Germans were given early access to [] and were passed information enabling them to make quick arrests. Mr. Murphy also said that he would supply President Schruebbers with documentary evidence of [] KGB affiliation. These documents were critical in proving that [] was in fact a ~~bonafide~~ KGB officer. It was suggested that Schruebbers might state that the photographs of the documents were given to CIA first in order for them to be verified by our document experts and then turned over by the BfV to the S.G.

25. Mr. Angleton pointed out the great political impact which these documents would have on world public opinion especially in this year, the fiftieth anniversary of the Communist take-over in the Soviet Union. They prove that [] is a ~~bonafide~~ KGB officer and was decorated for his work by the KGB. The discussion then centered on how best to exploit possession of these documents. Someone suggested that we might not wish to make them public before the German trials took place.

26. Mr. Murphy pointed out that the documents were in two separate packages: 1) German documents providing backstopping for Willy Gast and 2) the Soviet documents of Lt. Col. Runge.

27. President Schruebbers stated that he would like to show these documents first to his ministers since he felt that the latter probably would wish to make them

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public. Mr. Cline added that President Schruebbers should also make a public statement but that he could speak out only on the advice of legal authorities. In other words nothing could be done to harm the chances of conviction of the suspects arrested.

28. Discussion then moved briefly to consideration of the up-coming trials. President Schruebbers stated that the testimony now being taken cannot be introduced into the trial. The two S.G. men can be used as hearsay witnesses, but it would be necessary later for a judge to come to the United States and take notes here to be used officially in the trial. As envisioned by Schruebbers, the General Prosecutor's Office would request that Runge go to Germany as a witness. The United States would, he said, point out reasons why this would not be possible. Then the Germans would send a judge to the United States to take testimony from Runge which could be used in the trial.

29. It was then pointed out to Schruebbers that the present testimony being taken by the S.G. men was being notarized by an official of the local German Embassy (it was never made clear whether this will serve as official testimony in the trial or whether a judge will have to come and take separate testimony at a later date).

30. We promised to get for President Schruebbers the copies of the S.G. Protocols. (This was done later in the day, and he read through them during the afternoon.)

31. It was suggested that President Schruebbers pay a call on the German Ambassador in Washington. He did not seem eager to do this, stating that he rarely announced his presence when he made trips abroad. However, he was convinced he should break precedent this time because of the unusual nature of this case. He agreed to see the Ambassador.

32. Finally, it was generally agreed that President Schruebbers should be given a page or two of detailed background information on the case, which he could use in his press release after his return to Germany. (This was made up for him by SB Division and given to him on the afternoon of 19 October together with a large packet of reproductions of the Gast-Runge documents.)

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33. Afternoon session. President Schroebers was briefed first by [] on the general techniques of Soviet illegal operations and again on a run-down of this operation and its ramifications in other European countries. Schroebers was told that Lehmann had been arrested and confessed and that the Swiss letterdrop had also admitted her involvement. Schroebers was also briefed on the [] successes in previous cases and urged to keep the [] case alive in Germany to insure maximum press exploitation. Schroebers spent a good part of the afternoon reading through the S.G. testimony and reviewing the documents package.

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SPYING IS AT PEAK IN WEST GERMANY

Country Is Termed World's
Busiest Espionage Center

Special to The New York Times

BONN, Oct. 9.—West Germany is now believed to be the world's busiest spy center.

Vieenna's legendary climate of intrigue or Istanbul's air of mystery are completely lacking in Bonn. Yet this placid Rhine-side capital is swarming with foreign agents, chiefly from East Germany, the Soviet Union and Czechoslovakia.

Estimates of the number of Communist agents operating in West Germany range as high as 16,000. The Interior Ministry believes the number is somewhat lower but believes that the amount of espionage activity is unparalleled in any other Western country.

Espionage has become so commonplace in this country that when Bonn's counterintelligence broke five major East German spy rings and arrested 12 top agents last month, the news created scarcely a ripple in the West German press.

Living squarely in the middle of Europe and forming the dividing line between the Communist world and the West, Germany is a natural arena for espionage. As the base for heavy concentrations of North Atlantic Treaty Organization troops and arms, the country is a treasure chest for Eastern agents seeking military and scientific secrets.

However, Dr. Heinrich von Lersner, chief counsel of the Internal Security Section in the Interior Ministry, said in a recent interview that foreign agents sought more than military and state secrets these days.

"Espionage has become very sophisticated," he commented. "A modern intelligence service is interested in economic, political and technological developments—anything, in fact, that will give it a total picture of our society."

'Mosaic Technique' Seen

Communist spying in West Germany employs a "mosaic technique," Dr. von Lersner said. Thousands of agents provide small stones of information that are put together to form a complete picture of what is going on in the country, he explained.

There has been a great improvement in the technical aspects of spying here as well, he said. Advanced wiretapping devices, powerful but small wireless sets and virtually uncrackable codes have all helped to drain secrets out of the country.

Most of the agents who provide the "mosaic stones" to Communist intelligence services are what Dr. Lersner called "little people" with unimportant jobs and limited contacts. These agents are given relatively minor tasks and are not paid much money.

One such agent uncovered by West German counterintelligence last month was a young man who worked as a bartender in a small night club here. His task was to get information from women secretaries in the West German Government.

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ATTACHMENT 1

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One such agent uncovered by West German counterintelligence last month was a young man who worked as a bartender in a small night club here. His task was to get information from women secretaries in the West German Government.

The young man did his job by winning the affection of the secretaries and then compromising them by taking nude pictures or getting them pregnant and threatening to expose their conduct to parents and bosses. For his efforts, the East German State Security Ministry paid him \$4,000 a year, according to the Interior Ministry.

Spy Is Finally Caught

This spy was finally caught when one of his intended victims became suspicious and reported him to her ministry.

Occasionally, however, West German counterintelligence catches a major figure passing state secrets along to the Communists.

One such figure was Alfred Frenzel, a Social Democratic Deputy in the Bundestag (the lower house of Parliament) and a member of its vital Defense Committees who transmitted military secrets to Czechoslovak intelligence from 1956 until his arrest in October, 1960.

Another top spy was Heinz Felfe, who worked for 10 years in a key post in the Federal Intelligence Service, the West German secret service run by the mysterious Gen. Reinhard Gehlen.

It is reported that Gen. Gehlen, who has directed the West German secret service since the end of World War II, will step down in the near future. The shadowy general, who never makes public appearances or statements, was one of the top state security officers in Hitler's Third Reich, but after the war he was tapped by the United States occupation to do the same job.

Dr. Lersner said that about 75 per cent of the spies in West Germany were members of or worked for East German intelligence.

Soviet agents present a special problem to Bonn, according to officials here, because many of them operate under diplomatic immunity. The Germans try to "burn" a Soviet spy by publicly but tactfully exposing his work and thus making him ineffective.

Informations et Conjoncture

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PARIS 9^e - FRANCE

QUOTIDIEN

12^e ANNÉE

N° 2 478

Paris, le 3 mars 1962

UN BON GERMANOPHILE A LA "C.I.A."

On sait que M. Bissel, directeur adjoint de la Central Intelligence Agency l'un des hommes les plus néfastes, politiquement parlant, des quinze dernières années, a finalement donné sa démission (non sans essayer de résister à la volonté du Président Kennedy).

M. Mac Cone qui a succédé à M. Allen Dulles à la direction de la C.I.A. a choisi M. Richard HELMS comme remplaçant de M. Bissel.

Dans certains milieux cette nomination a été accueillie avec des commentaires satisfaisants. Il nous paraît utile de signaler que M. Helms est, comme tant d'autres dirigeants de la C.I.A., un germanophile incontestable.

Agé de 50 ans, M. Helms, personnage important de l'O.S.S. durant la guerre 1941/45, fut, en Europe, auprès de milieux qui s'activaient à essayer de sauver la bonne Allemagne de la reddition sans condition à laquelle le Reich Nazi fut contraint, l'homme de confiance des frères Dulles...

M. Helms vient du journalisme. Lors de la montée du nazisme entre 1930 et 1933 ce distingué chef de service de contre-espionnage était correspondant à Berlin de l'United Press. Il n'y a nulle trace, dans ses correspondances de l'époque, de la moindre inquiétude quant à l'avenir du national-socialisme.

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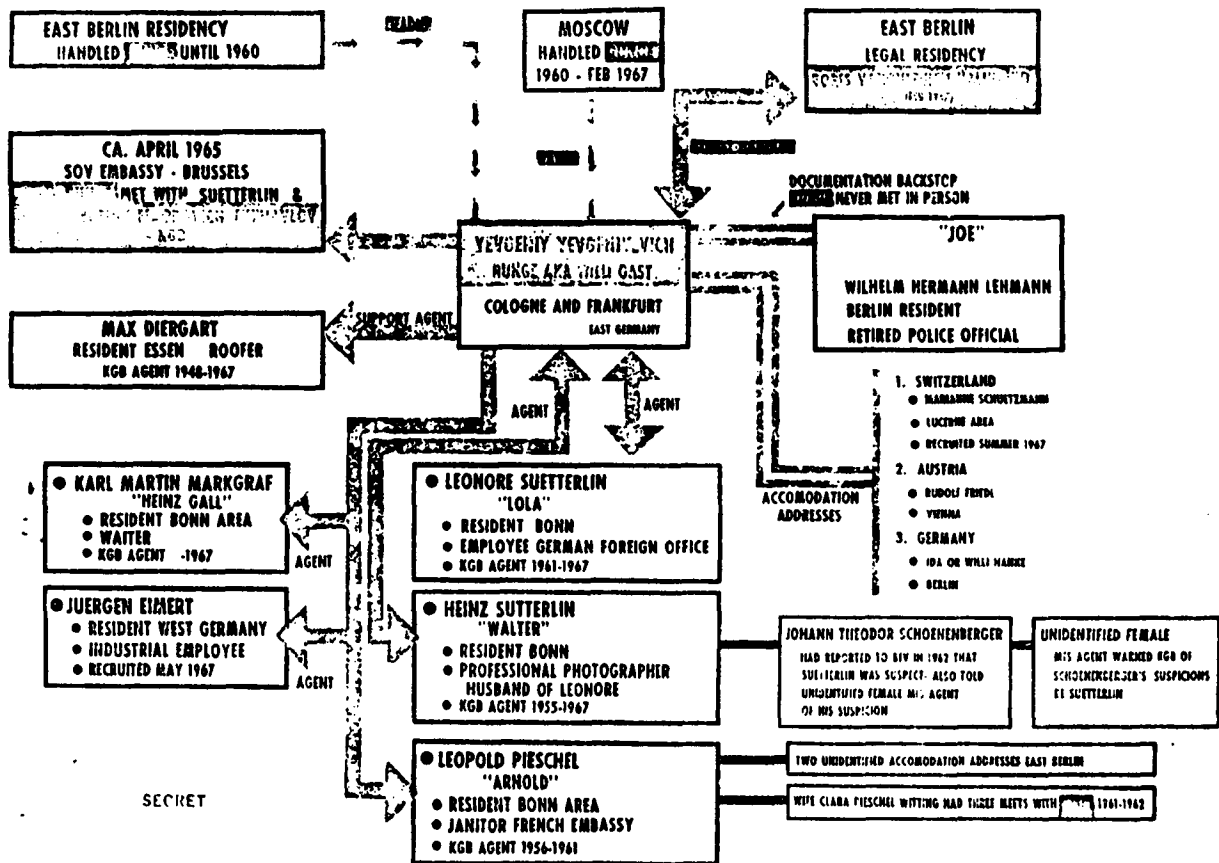
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